



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Zephyr Graf-X, Hanesbrands

COUNTRY: China

FACTORY CODE: 130015414H

MONITOR: Global Standards

AUDIT DATE: October 16, 2009

PRODUCTS: Knitted Hats, Knitted Scarves

PROCESSES: Knitting, Linking, Packing,
Inspection, Shipping

NUMBER OF WORKERS: 32



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Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Due to the unannounced nature of the audit, the factory advised that they could not provide the documents related to health and safety; wages and working hours; or other related documents for verification, due to the absence of the personnel in charge. The documents, per management, could be retrieved only on Monday (October 19, 2009), 3 days after the audit. Thus, no records could be reviewed on the audit date.

Plan Of Action: Zephyr has verified that wages and benefits records exist and are kept in files by the HR manager. The factory understands that even if the person in charge is not available, they will still need to provide access to all records.

1. One additional finding: Wage slips for the workers do not include a distinction between regular hours worked and overtime hours worked. The factory has agreed to add this distinction.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to create a system that ensures records are available at all times.

Supplier CAP Date: 02/14/2010

Action Taken: Originally, the HR Manager was the only person with a key to the files containing factory records and documents. The factory has created a system where each record will be copied and stored in a separate location, so that a second person has access. In addition, the factory manager will have a master key to the files.

Plan Complete: No

Plan
Complete
Date:

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: [FLA Comment:](#) *The Chinese constitution guarantees Freedom of Association (FOA); however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union - the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of FOA, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 stipulates that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. Trade unions also have an enhanced role in dispute resolution. In Dec. 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.*

Plan Of Action: Currently, the union is made up of managers and supervisors, and is affiliated with the local government trade union branch. According to management, the official union activities are organized by this local town branch. The union representatives visit the factory to meet with workers; they listen to any problems or issues; and explain local labor laws. Independent of those activities, the factory union representatives will also help implement worker suggestions and solve worker complaints. Some examples include adding a ping pong table (partly funded by the union) in the break room/canteen and working with canteen cooks to alter the food preparation schedule, so food is served hotter and fresher. The workers enjoy the activities but don't know why or whom is putting them on; consequently, they don't feel like they are a part of it. Zephyr recommends that the union communicate with the workers more, and post notices about what they do. In addition, the factory management and/or factory union should proactively engage workers in forming their own worker's committee.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to develop a plan with the union to increase worker awareness and participation.

Supplier CAP Date: 02/14/2010

Action Taken:

Plan Complete: No

Plan Complete Date:



Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Due to the unannounced nature of the audit, the factory advised that they could not provide the documents related to health and safety; wages and working hours; or other related documents for verification, due to the absence of the personnel in charge. The documents, per management, could be retrieved only on Monday (October 19, 2009), 3 days after the audit. Thus, no records could be reviewed on the audit date.

Plan Of Action: Zephyr has verified that health and safety records exist and are kept in files by the HR manager. The factory understands that even if the person in charge is not available, they will still need to provide access to all records.

1. One additional finding: The factory does not have MSDS posted near the spot remover, nor is it on file. The factory has agreed to add MSDS and train workers on how to use the chemical.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to create a system that ensures records are available at all times.

Supplier CAP Date: 02/14/2010

Action Taken: Originally, the HR manager was the only person with a key to the files containing factory records and documents. The factory has created a system where each record will be copied and stored in a separate location, so that a second person has access. In addition, the factory manager will have a master key to the files.

Plan Complete: No

Plan Complete Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. The self-check records of fire equipment are not updated every month. Records only kept in January, April and May 2009.

2. The fire hose box is blocked by material in the inspection area.

3. The warehouse aisle is blocked.

**Plan Of
Action:**

During a visit to the factory, Zephyr verified that the fire equipment was checked in November 2009. Also, the fire hose box and aisles were clear and unobstructed. To ensure that these changes are sustainable, the factory has agreed to a continuous improvement model (Plan-Do-Check-Act) for all health and safety issues.

1. In the short term, the factory will immediately fix the health and safety issues found during the audit.

2. In the long term, the factory has agreed to a plan based on the continuous improvement methodology.

3. The first step is to create policy and procedures that will ensure a safe working environment. These procedures include: appointing a H&S supervisor; forming a H&S worker/management committee; while also defining job duties, mandates and meeting schedules. Zephyr recommends that part of the job duties include worker awareness and training.

4. The second step is to verify that policy and procedure are followed. This includes completing a monthly checklist, along with reviewing the checklist, meeting minutes and any training or certifications.

5. The last step is to allow for continuous improvement in the program. The factory can do this by setting targets and goals; collecting and analyzing performance data; and meeting at least annually with top management to discuss modifications, suggestions and improvements.

Deadline 11/09/2009
Date:

Action During a visit to the factory, Zephyr verified that the fire equipment was checked in
Taken: November 2009. Also, the fire hose box and aisles were clear and unobstructed.

Plan Yes
Complete:

Plan 11/09/2009
Complete
Date:

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: The first aid kit was observed to be empty.

Plan Of During a visit to the factory, Zephyr verified that the first aid kit has been fully stocked.
Action: To ensure that the changes are sustainable, the factory has agreed to a continuous improvement model (Plan-Do-Check-Act) for all health and safety issues. See H&S.9 above for details.

Deadline 11/09/2009
Date:

Action During a visit to the factory, Zephyr verified that the first aid kit has been fully stocked.
Taken:

Plan Yes
Complete:

Plan 11/09/2009

Complete

Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: According to on-site visit, there is no secondary protection container to prevent the leaking of chemical materials.

Plan Of Action: The factory has added a secondary protection container around the spot remover chemical. To ensure that the changes are sustainable, the factory has agreed to a continuous improvement model (Plan-Do-Check-Act) for all health and safety issues. See H&S.9 above for details.

Deadline Date: 12/28/2009

Action Taken: The factory has added a secondary protection container around the spot remover chemical.

Plan Complete: Yes

Plan Complete Date: 12/28/2009

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

- Explanation:**
1. Workers do not use the safety guards on overlock machines.
 2. Some sewing machines do not have needle protection guards.
 3. There are no protection covers on knitting machines.
 4. Cutters and scissors are not fixed on the working tables.
 5. The maintenance card on each machine was only recorded in January and May 2009.

- Plan Of Action:**
1. The factory has instructed the workers on how and why to use the safety guards on the overlock machines.
 2. The factory has installed the remaining needle guards on the sewing machines.
 3. The factory has added protection covers to the knitting machines.
 4. Cutters and scissors are now affixed to the working tables.
 5. The machines are receiving monthly maintenance checks.
- To ensure that these changes are sustainable, the factory has agreed to a continuous improvement model (Plan-Do-Check-Act) for all health and safety issues. See H&S.9 above for details.

Deadline Date: 12/28/2009

- Action Taken:**
1. The factory has instructed the workers on how and why to use the safety guards on the overlock machines.
 2. The factory has installed the remaining needle guards on the sewing machines.
 3. The factory has added protection covers to the knitting machines.
 4. Cutters and scissors are now affixed to the working tables.
 5. The machines are receiving monthly maintenance checks.

Plan
Complete: Yes

Plan
Complete
Date: 12/28/2009

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Due to the unannounced nature of the audit, the factory advised that they could not provide the documents related to health and safety; wages and working hours; or other related documents for verification, due to the absence of the personnel in charge. The documents, per management, could be retrieved only on Monday (October 19, 2009), 3 days after the audit. Thus, no records could be reviewed on the audit date.

Plan Of Action: Zephyr has verified that hours of work records exist and are kept in files by the HR manager. The factory understands that even if the person in charge is not available, they will still need to provide access to all records.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to create a system that ensures records are available at all times.

Supplier CAP Date: 02/14/2010

Action Taken: Originally, the HR Manager was the only person with a key to the files containing factory records and documents. The factory has created a system where each record will be copied and stored in a separate location, so that a second person has access. In addition, the factory manager will have a master key to the files.

Plan
Complete: No

Plan
Complete
Date:

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: According to time cards from October, the workers do not punch cards during their lunch break. Also, the workers do not take one day off every 7 working days. This is verified through October's time cards from October 5 - 15.

Plan Of Action: Zephyr has discussed the importance of accurate time records with the factory, for workers (to be paid correctly), for the factory (to protect itself in the case of a dispute), and for auditors/brands (to trust the information being given to them). Zephyr recommends that the factory creates policy and procedure for workers punching time cards. It takes some discipline on the factory's part to do this, and to make sure workers are not working on their rest day. If employees are working on rest days, Zephyr recommends that another day be scheduled for them.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to create policy and procedure. It is also researching closing the factory on Sundays to ensure that workers receive their rest day.

Supplier CAP Date: 02/14/2010

Action Taken:

Plan Complete: No

Plan
Complete
Date:

Hours of Work: Meal and Rest Breaks

HOW.3 Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with local laws. (S)

Noncompliance

Explanation: According to October's time cards, workers did not punch in or out during their lunch breaks.

Plan Of Action: Zephyr has discussed the importance of accurate time records with the factory, for workers (to be paid correctly), for the factory (to protect itself in the case of a dispute) and for auditors/brands (to trust the information being given to them). Zephyr recommends that the factory creates policy and procedure for workers punching time cards. It takes some discipline on the factory's part to do this, and to make sure workers are not working on their rest day. If employees are working on their rest day, Zephyr recommends that another day be scheduled for them.

Deadline Date: 02/14/2010

Supplier CAP: The factory has agreed to create policy and procedure. It is also researching closing the factory on Sundays to ensure that workers receive their rest day.

Supplier CAP Date: 02/14/2010

Action Taken:

Plan Complete: No

Plan
Complete
Date:
